



6. Conclusion

The models discussed have the main objective to optimize the buyer's inventory costs and the seller's yearly net profit. And the models are also analyses from both seller's and buyer's point-of-view. In order to use the models, both information from the buyer and the seller must be obtained. So that, the seller and the buyer must negotiate some arrangements to get advantage on both side.

The vendor or seller or supplier must reconsider before applying a quantity discount policy. Because the maximum yearly net profit cannot always be reach with the quantity discount policy, especially for the relatively high vendor's order processing cost and/or manufacturing setup cost. The rational lot-size production policy can be considered and compared with the quantity discount policy in order to maximize the yearly net profit.

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